IN THE UNITED STATES DISTRICT COURT

IN AND FOR THE DISTRICT OF DELAWARE

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EDWARDS LIFESCIENCES LLC AND EDWARDS LIFESCIENCES PVT, INC.,	)	Civil Action
Plaintiffs,	)	
v.	)	
MEDTRONIC COREVALVE LLC, MEDTRONIC CV LUXEMBOURG S.A.R.L., MEDTRONIC VASCULAR GALWAY LTD., MEDTRONIC, INC., AND MEDTRONIC VASCULAR, INC.,	)	
Defendants.	)	12-23-GMS

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Wilmington, Delaware
Thursday, May 31, 2012
10:50 a.m.
Teleconference

- - -

BEFORE: HONORABLE GREGORY M. SLEET, Chief Judge

APPEARANCES:

MARYELLEN NOREIKA, ESQ.
Morris, Nichols, Arsht & Tunnell LLP
-and-
JOHN E. NATHAN, ESQ., and
CATHERINE NYARADY, ESQ.
Paul, Weiss, Rifkind, Wharton & Garrison LLP
(New York, N.Y.)

Counsel for Plaintiffs

JOHN W. SHAW, ESQ.
Shaw Keller LLP
-and-
STACIE E. OBERTS, ESQ.
Robins, Kaplan, Miller & Ciresi LLP
(Minneapolis, MN)

Counsel for Defendants

THE COURT: Good morning, counsel. Who is on the line for Edwards today?

MS. NOREIKA: Good morning, Your Honor. Maryellen Noreika from Morris Nichols for plaintiff. With me on the line are John Nathan and Catherine Nyarady from Paul Weiss.

THE COURT: Good morning.

For Medtronic.

MR. SHAW: Good morning, Your Honor. John Shaw from Shaw Keller. With me on the line is Stacey Oberts from Roberts Kaplan.

THE COURT: Good morning.

Counsel, my first observation, after reading the two -- let me go back to the beginning, that is, your letter.

There are some differences that are apparent in the proposals concerning a prosecution bar, that is Paragraph 6 of the current confidentiality agreement. Right?

I will take that as a yes.

The second two bullets, the first and only one under plaintiffs' and the only one under defendants', seem to be just differently worded statements of the same issue. Is that correct?

MS. NYARADY: Your Honor, that is correct.

THE COURT: All right. So let's talk about the first bullet. I have to say initially that it strikes me that this kind of matter should be the subject of a negotiation between the parties, the resulting language, much like what is usually the case when you all sit down and negotiate confidentiality agreements.

I don't know what the various drivers are for the language and the various proposals in one versus the other, nor do I really care.

But I do care about the Court's time being used in a manner that I think is inappropriate and time-wasteful. I also care about me being asked to make rulings that will essentially just be arbitrary.

I don't know that there is any case law to direct my efforts in this regard. I would seriously doubt it. This seems to me to be purely a matter of discretion. And I am not certain exactly how I should be guided in the exercise of that discretion.

So, that said, I am disappointed to be on the phone with this particular matter. It seems to me that -- I count three or four areas of difference, the first being the Edwards proposal seems, in terms of its verbiage, seems to be more specific in places, for instance, where in the initial paragraph you say -- and I am paraphrasing -- things like, ...providing (verbally or in intangible form, in whole

or in part) such confidential or highly confidential information received under this order to any person involved in drafting, prosecuting or supervising the drafting or prosecution of any patent applications; where Medtronic says, working on patent prosecution. I would imagine Edwards would suggest, well, that's just too broad and not specific enough.

Then it goes on, you are essentially talking about before the same entity, the United States Patent and Trademark Office: and/or similar proceedings in other countries.

So you agree with that.

Then you go on, the next point of difference that I see is where you say, Edwards says, ...For purposes of clarity, prosecution history does not include reexamination.

Medtronic says, ...For purposes of clarity, prosecution includes reexamination.

And then there is some additional language at the bottom of Edwards' proposal suggesting some Anderson I protective order, I have no idea what that is, that upon the entry of this protective order that paragraph, or this paragraph should supersede Sentences 4 and 5 of the Anderson I protective order.

Counsel, why weren't you able to work this out?

MS. NYARADY: Your Honor, for Edwards. I apologize on behalf of everyone for taking the Court's time.

THE COURT: I don't want an apology. I am tired of lawyers apologizing to me for wasting my time. I think I said, I don't know if Delaware were at a meeting concerning Delaware local counsel where I made the observation that it's like a death by a thousand cuts, the manner in which you encroach on each of the judges over here, on our time with stuff like this. It just adds up to the point of just utter ridiculousness.

Why can't you work this out?

MS. NYARADY: Your Honor, there is a serious underlying issue, which is why this is brought to the Court. This is an issue that the parties have been fighting over for several years in different venues. The first being actually in front of Your Honor a couple years ago, under what was called, as you referred to, the Delaware I case.

To summarize what the dispute is, the big issue is whether or not the patent prosecution bar and protective order will apply to post-grant proceedings. And specifically, most importantly, is reexamination. And the reason for that is Medtronic, since the entry of the first protective order in Delaware I, Medtronic has filed seven separate reexaminations against Edwards' patents, all in the same family of patents. And they have used the protective

order language and the prosecution bar language from the first Delaware case, which has the words "working on prosecution," to preclude Edwards' trial counsel and expert from the Delaware I case from participating in any of those reexaminations.

So the nature of the dispute really is centered on whether the prosecution bar should prohibit people involved in the current litigation who have access to confidential information from working on post-grant proceedings or not.

Importantly, in Edwards' proposal, we have stated that people under the protective order and subject to the prosecution bar will agree not to amend or draft claims, which had been historically what Medtronic has articulated as their fear of inadvertent disclosure of their confidential information.

We think that this protective order sufficiently protects the parties and yet allows for fair use of the resources of the parties. In addition, this protective order, the prosecution bar that Edwards proposes, Paragraph 6 here, is identical except for that last sentence that Anderson I -- the provision of the post-grant proceedings is identical to a protective order that was entered in a pending California case between the same parties on this related technology.

So we think that there should be uniformity between protective orders that are governing the same parties essentially with the same documents that are being shared between the cases and on the same technology.

THE COURT: Okay. Fair enough. Let's hear a response.

MS. OBERTS: Thank you, Your Honor. This is Stacey Oberts for the Medtronic entities.

Ms. Nyarady has accurately framed the issue, which is whether or not trial counsel and experts who receive highly confidential information should be allowed to participate in reexaminations and reissues. This is an issue that was brought before Your Honor in the previous litigation, when Edwards' trial counsel wanted to participate in reexamination proceedings. This Court found that the risk of inadvertent disclosure of confidential information was too great.

Now, while Ms. Nyarady talks about the fact that there are seven pending reexams, Edwards has been working on those reexams without the assistance of the Paul Weiss attorneys or the expert to this day. And Paul Weiss, Ms. Nyarady recognizes that they do not prosecute patents, so its unclear to Medtronic why they should be able to participate when they are going to be receiving and have already received information that's confidential about

Medtronic's future products.

This is a situation where these are the only two competitors in this area. So when these parties go to the PTO to seek protection, they are seeking to exclude the other party. So there is a significant competitive risk to allow them to participate in these post-grant proceedings where they can. Whether they are drafting or amending the claims specifically, they can still provide information that will impact the scope of the claims.

In addition, this protective order would also allow them to participate in reissue proceedings, which the parties are then able to broaden claims. The patent that is at issue in this case would be subject to reissue. It's within that two-year period. So Edwards could potentially put that patent into reissue. They could seek broader claims armed with the information about Medtronic's future products.

That is why Medtronic believes none of the trial counsel that receives either side's confidential information should be able to participate in these post-grant proceedings.

THE COURT: Let me ask you one question, counsel. Your opponent suggests that there would be some value in having consistency from one coast to the other. What is your view about that?

MS. OBERTS: We fought this issue, Your Honor, in California. And Ms. Nyarady had to recognize and concede to the Court that right now her firm, as well as the expert that they disclosed in California, Dr. Buller, are already subject to the protective order from the previous litigation before Your Honor, and therefore are already precluded from participating in reexamination proceedings.

So there is some consistency here with respect to the fact that the Paul Weiss attorneys and their expert, Dr. Buller, are already prevented based on the protective order in the Delaware I litigation.

THE COURT: Okay.

Ms. Nyarady.

MS. NYARADY: Your Honor, that is exactly why we have the last part of our proposed prosecution bar paragraph, the last two sentences deal with that, because we think there should be consistency amongst all of the cases.

Importantly, all of the documents and testimony and exhibits and demonstratives, everything that was in Delaware I has been deemed by the parties to be produced in the California case. So everyone in the California case has access to -- everyone in the protective order in the California case has access to everything that was in Delaware I. And yet in California, there is a prosecution bar in place that is less restrictive than Delaware I. So

you really have two groups of people. You have people who were not under the Delaware protective order but are working on these cases for the parties in California who are allowed to have all of this information and new information that is being produced in California, they are allowed to participate in post-grant proceedings.

It was very important to the Court there that Edwards agreed not to amend claims. And we are past that. We agreed we are not going to amend claims. We agreed that we are not going to participate in any way in amending or drafting claims. The Magistrate Judge ruled on that protective order. It was entered. Medtronic did not appeal that to the District Court Judge. That is in place now.

While you still have people such as Paul Weiss and Dr. Buller, who are under the Delaware protective order, who cannot participate in everything, now Medtronic has changed counsel, so the fact that they also have some counsel under the Delaware I protective order that is subject to the stricter bar really doesn't hinder them or cost them anything additionally, but they have also changed experts.

Now we are in a position where Medtronic just last week proposed an expert in the California litigation, Dr. Diamond, who has already been putting declarations in the reexaminations, and now they want to use him in

litigation. So they are fine using their people in multiple things. And presumably he is going to participate in reexaminations and possibly new ones because Medtronic files them routinely.

So they have Dr. Diamond that they are proposing to be in both venues under the less restrictive California protective order, and yet they want to say, well, you know, too bad, Dr. Buller was in Delaware so you can't use your guy in both.

THE COURT: Counsel for Medtronic, let me get your reaction to those latter comments.

MS. OBERTS: Your Honor, Edwards has given us no indication as to why this Court should change its previous ruling, which barred the Paul Weiss attorneys and their expert from participating in post-grant proceedings.

With respect to what happened in California, while Ms. Nyarady wants to argue that Medtronic is trying to take some sort of advantage, it was Medtronic that opposed the prosecution bar that was entered in California. While we did not appeal that Magistrate's decision to the Article I Judge, it wasn't necessary because at this point, with the previous protective order that Your Honor has already ruled on in the previous litigation, the Paul Weiss attorneys and their expert can't participate. So while there is that provision in California, it doesn't affect Medtronic at this

point because the people that had the highly confidential information are already subject to the previous bar.

If the concern was that Medtronic would not be subject to it, its new lawyers or its new expert, we can go back and revisit the California bar and put in place what Medtronic had originally proposed.

It's Medtronic's view that none of the trial counsel or experts who receive confidential information should be allowed to participate in these proceedings with the highly confidential information of their one competitor in this space.

THE COURT: I tend to agree with Medtronic on this. I see no reason to reconsider, which I am essentially being asked to, my previous order, which I seem to recall was well considered at the time. I have heard nothing, Ms. Nyarady.

I am going to adopt the Medtronic proposal, unless there is something else you want to say about other aspects of your proposal, Ms. Nyarady.

What I have just addressed is, I intended to address the proposal in its entirety. So I am adopting the language for purposes of clarity "prosecution includes reexamination."

Go ahead.

MS. NYARADY: That was actually going to be my

question for clarification.

THE COURT: That is the clarification.

MS. NYARADY: Even if the --

THE COURT: Don't reargue it. That's the language I am adopting. What I am interested in wanting to know is whether there are other provisions that you have proposed in your proposed prosecution bar, Paragraph 6, that we need to discuss today? Or can counsel now, with the guidance you have received, move forward and finish working out this language? Or should I just order -- as it seems that I did, but I am willing to at least reconsider that remark -- can you work out the additional language on your own, or should I just adopt Medtronic's proposed prosecution bar in its entirety? I am open to either suggestion.

MS. NYARADY: Your Honor, I would think we would be able to work this out. To be clear, we object to it. We understand your order.

THE COURT: Ms. Nyarady, what was the purpose of that remark? Obviously, I understand that you object.

MS. NYARADY: I didn't know, Your Honor, if it was clear.

THE COURT: It's not Friday yet, is it?

Counsel for Medtronic, do you think you and your opponents can work this out, given the guidance I have stated?

MS. OBERTS: Yes, Your Honor. I believe we can.

THE COURT: Counsel, have a good day. Goodbye.

(Conference concluded at 11:07 a.m.)

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Reporter: Kevin Maurer